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January 3, 2007

RECORDATION NO. 26759 FILED

JAN 3 '07 -3 30 PM

SURFACE TRANSPORTATION BOARD

Secretary  
 Surface Transportation Board  
 1925 K Street, N.W.  
 Washington, D.C. 20423

Dear Sir:

Enclosed for recording with the Surface Transportation Board is a Memorandum of Security Agreement dated 12/7/06 involving the following parties and railroad equipment:

Secured Party:	Wells Fargo Equipment Finance, Inc. Investors Building, Suite 700 733 Marquette Avenue So. Minneapolis, MN 55402
Debtor:	Iowa Interstate Railroad, Ltd. 800 Webster Street Iowa City, IA 52240
Equipment:	7, EMD GP38-2 Locomotives IAIS 708-714

Please record this agreement as a primary document. The filing fee of \$34 is enclosed.

Summary: Memorandum of Security Agreement dated 12/7/06 between Wells Fargo Equipment Finance, Inc. as Secured Party and Iowa Interstate Railroad, Ltd. as Debtor including 7, EMD GP38-2 Locomotives, IAIS 708-714.

Sincerely,

Mary Ann Oster  
 Research Consultant

Enclosures

FROM :

FAX NO. :

Jan. 04 2007 02:07AM P3

JAN-03-2007 WED 11:05 AM WELLS FARGO EQF

FAX NO. 6123161862

P. 10

RECORDATION NO. 26759 FILED



Wells Fargo Equipment Finance  
Investors Building, Suite 700  
733 Marquette Ave So  
Minneapolis, MN 55402

JAN 3 '07 <sup>-3 30 PM</sup> Memorandum of Security Agreement

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum") is made this 7th day of December, by and between Iowa Interstate Railroad, Ltd., an Iowa corporation ("Debtor"), and WELLS FARGO EQUIPMENT FINANCE, INC, a Minnesota Corporation ("Secured Party").

A. The Debtor is indebted to the Secured Party pursuant to that certain Promissory Note dated as of December 7, 2006 (the "Note") executed by the Debtor in favor of the Secured Party.

B. To secure the Debtor's obligations to the Secured Party, the Debtor executed and delivered to the Secured Party a Security Agreement dated December 7, 2006 pursuant to which the Debtor granted to the Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Seven (7) EMD Locomotives with the following markings described on Schedule A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Debtor may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Railcars or any part thereof;

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

Wells Fargo Equipment Finance, Inc.

Iowa Interstate Railroad, Ltd.

By: [Signature]  
Title: SVP

By: [Signature]  
Title: PRESIDENT & CEO



Wells Fargo Equipment Finance  
Investors Building, Suite 700  
793 Marquette Ave So  
Minneapolis, MN 55402

**Schedule A**  
to Memorandum of  
Security Agreement

Contract Number **067858-703** dated as of **December 7, 2006**

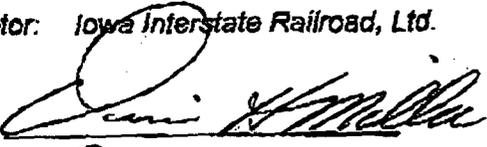
**Debtor: Iowa Interstate Railroad, Ltd.**

**Seven (7) – EMD Locomotives Model No. GP38-2 with the following markings:**

Mark	Number
1) IAIS	708
2) IAIS	709
3) IAIS	710
4) IAIS	711
5) IAIS	712
6) IAIS	713
7) IAIS	714

Dated: December 7, 2006

Debtor: Iowa Interstate Railroad, Ltd.

By: 

Title: PRESIDENT & CEO

\*scha\*

STATE OF MINNESOTA  
COUNTY OF Hennepin

On this 3rd day of January, 2007, before me, a Notary Public of the City and State aforesaid, personally appeared Lisa Henton, to me personally known, who being by me duly sworn, says that (he/she) is the Sr Vice President of Wells Fargo Equipment Finance, Inc., a Minnesota corporation, the foregoing instrument is/was signed on behalf of said corporation by authority of its Board of Directors, and (he/she) acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

Noreen J. Younker  
Notary Public

My commission expires:



STATE OF IOWA  
COUNTY OF LINN

On this 11 day of December, 2007, before me a Notary Public of the City and State aforesaid, personally appeared Dennis H. Miller, to me personally known who being by me duly sworn, says that (he/she) is a President's CEO of Iowa Interstate Railroad, Ltd., an Iowa corporation, that foregoing instrument is/was signed on behalf of said corporation by authority of its Board of Directors, and (he/she) acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

Carolyn Lee Young  
Notary Public

(Seal)

My commission expires:

